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24 May 1986

MEMORANDUM FOR: Senate Affairs/Legislative Division  
Office of Congressional Affairs

FROM: R. E. Hineman  
Deputy Director for Science and Technology

SUBJECT: Federal Management Reorganization and Cost  
Control Act of 1986: S. 2230

1. I appreciate the opportunity to review this proposed legislation and fully agree with the concerns which you and the Inspector General have raised about the probable negative impact of this legislation on the Agency.

2. The manifold powers given to the proposed director of the Office of Federal Management and proposed administrator of the Office of Financial Systems would constitute a serious intrusion into our management and financial activities and would increase the possibility of security compromises at a time when our emphasis should be on reducing such incidents.

3. Several of the provisions, including the consolidation of federal telecommunications and ADP funds under the Administrator for General Services; the capability of the Comptroller General--at his own discretion or on request from a committee of Congress--to conduct independent biennial financial statement audits; and the power of the OFS to determine compliance of accounting and internal control systems with Comptroller General principles and possibly assume responsibility for direction and supervision of those systems, to name just a few, would also trespass on the DCI's special authorities and endanger sources and methods.

4. As a minimum, the Agency should mount a concentrated effort to obtain an exemption from this bill. Since the problems we foresee for the Agency will undoubtedly be problems for other Intelligence Community agencies, it would seem sensible to broaden the exemption to include the entire National Foreign Intelligence Program and to designate a focal point to coordinate and spearhead this effort.

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R. E. Hineman

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